

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3893

ANSWERED ON:24.03.2017

Hike in Motor Insurance Premium

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Regulatory and Development Authority of India (IRDAI) has proposed upto 50 per cent increase in insurance premium for cars, motorcycles as well as commercial vehicles and if so, the details thereof;
- (b) whether the Government has agreed to do away with the cap on third party liability of insurance companies in case of grievous injuries or death in road crashes and if so, the details thereof and the reasons therefor;
- (c) whether this move will hike the premium for third party motor vehicle insurance significantly and if so, the details thereof along with the steps taken by the Government to protect the vehicle owner from steep hike;
- (d) whether the Government proposes to regulate the third party insurance components as it has done in the case of own damage cover and if so, the details thereof;
- (e) whether out of around 19 crore registered vehicles in the country, only 8.26 crore had third party insurance cover; and
- (f) if so, the corrective steps taken/ being taken by the Government to motivate the vehicle owners to take third party insurance as a standalone product rather through comprehensive insurance policy?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

- (a): Based on the actuarial analysis of the data pertaining to the experience period of accident years from 2011-12 to 2015-16 in respect of gross written premium and amount of claims (paid up to March 31, 2016), Insurance Regulatory and Development Authority of India (IRDAI), has sought comments from various stakeholders on an Exposure Draft on the proposed premium for cars, motorcycles as well as commercial vehicles, which is posted at www.irda.gov.in
- (b): Ministry of Road Transport and Highways has informed that no such decision has been taken by the Government.
- (c): In view of (b) above, the question does not arise.
- (d): In the proposed Motor Vehicles (Amendment) Bill, 2016, the definition of third party is being amended to include the drivers and co-workers of the transport vehicles to ensure coverage of payment of compensation.
- (e): Out of around 19 crore registered vehicles in the country, around 8.26 crore have third party insurance cover, as per data provided by General Insurance Council.
- (f): IRDAI has taken several steps like creating a platform called "Vehicle Insurance Status Search system (VISS)" to ascertain the insurance status of a vehicle, promoting issuance of long term two wheeler insurance policies (upto three years), allowing issuance of motor e-policies and licensing new channels like Customer Service Centre (CSC), Insurance Marketing Firm (IMF), Web aggregators etc. to facilitate the sale of motor insurance policies
